

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 2001-313-C - ORDER NO. 2002-424

JUNE 6, 2002

IN RE: Application of World Communications ) ORDER  
Satellite System, Inc. for a Certificate of )  
Public Convenience and Necessity to Operate )  
as a Reseller of Interexchange )  
Telecommunications Services and for )  
Alternative Regulation. )

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of World Communications Satellite Systems, Inc. ("WCSS" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide intrastate interexchange telecommunications services within the State of South Carolina. In addition, the Company requests that the Commission regulate its business services offerings under the identical regulatory treatment granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2001) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed WCSS to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of WCSS' Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the

Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed.

A hearing was convened on April 17, 2002, at 11:30 a.m. in the Commission's Hearing Room at 101 Executive Center Drive, Columbia, South Carolina. The Honorable William Saunders, Chairman, presided. WCSS was represented by Weston Adams, III, Esquire. Jocelyn G. Boyd, Staff Counsel, represented the Commission Staff.

Caterina Bergeron, President and Chief Operating Officer of WCSS, appeared and testified in support of the Application. As President and Chief Operating Officer, Ms. Bergeron is responsible for coordinating all technical, administrative, and regulatory issues relating to new and/or existing services of WCSS. The record reveals that Ms. Bergeron has extensive business experience working in sales and sales management positions, data processing and accounting. Additionally, for the past nine years, according to the testimony, Ms. Bergeron has worked in telecommunications in positions of accounting, billing, payroll, computers and at management. Further, the record reveals that Ms. Bergeron's experience includes associations with such carriers as WorldCom, Sprint and Qwest.

According to the testimony, WCSS is a new entrant into the resold long distance telecommunications sector of the telecom industry. The record reveals that WCSS will seek assistance from the Small Business Administrations by participating in the financial assistance programs available to small businesses owned by qualified individuals. Additionally, the Company will employ a proven strategy for start-up enterprises, outsourcing to expert and experienced consultants the initial task of putting together

WCSS' initial operational infrastructure. Bergeron also testified that WCSS will shorten the learning curve by rapidly moving into the marketplace and testing its waters. According to the testimony, WCSS intends to be certified and operate in most states, but while the application process is ongoing, WCSS has operations in such states as Colorado, Iowa, Michigan, New Jersey, Ohio, Texas, Utah, and Virginia.

Regarding the Company's managerial resources, Bergeron testified that WCSS is guided by an experienced and highly able management team of the GTC Consulting Group that includes individuals who have distinguished themselves over the past several years in executive positions within the telecommunications industry. Moreover, the testimony reveals that the senior management team possesses extensive business, technical, operational and regulatory telecommunications experience.

Bergeron also presented testimony regarding the Company's financial resources to provide telecommunications services in South Carolina. According to the record, WCSS possesses the financial resources necessary to provide reliable telecommunications services. Bergeron testified that WCSS' financial resources are sufficient to allow the Company to succeed in a rapidly changing telecommunications market and to meet consumer demand for innovative telecommunications services. Ms. Bergeron is also the Company's financial contact person.

The testimony reveals that WCSS is a privately held corporation, organized under the laws of Virginia. The Company's principal office and place of business is in Houston, Texas. WCSS has certificates of authority to provide telecommunications

services in other states including District of Columbia, Minnesota, North Carolina, Washington, and Wyoming.

Bergeron also testified that WCSS bills its customers through a billing agent, commonly referred to as LEC billing. WCSS also has a Customer Service Center to respond to customer service matters. Customers may contact WCSS' Customer Service Center between 8:00 a.m. and 5:00 p.m. eastern time, Monday through Friday. Customers may also forward written inquiries to WCSS's Customer Service Center, 3730 Kirby, Suite 1200, Houston, Texas 77098. WCSS' Customer Service Center may also be contacted via the web at [www.customerservicedir@wcsc2001.com](mailto:www.customerservicedir@wcsc2001.com). The Customer Service Center contact person is Oscar Dealba (1-866-216-9082).

Regarding the Company's technical resources to provide telecommunications services in South Carolina, Bergeron testified that WCSS is guided by an experienced and highly able management team that includes individuals who have distinguished themselves over the past several years in executive positions within the telecommunications industry. The testimony reveals that the senior management team possesses extensive technical, operational, and regulatory telecommunications experience. WCSS will provide intraLATA service and prepaid calling cards. The Company will not provide payphone service or conventional or alternative operator services. WCSS will serve residential users. Additionally, Qwest will operate as WCSS' underlying carrier.

According to Bergeron, WCSS' provisioning of telecommunications services is in the public interest for South Carolina. First, the testimony reveals that WCSS will

provide alternative services of the highest quality, will provide increased consumer choice in billing options, and will offer increased diversification and increased reliability of communications services. Bergeron also testified that WCSS' service offerings will enhance competition for telecommunications services in South Carolina because the addition of another supplier of telephone service will increase competition in terms of price and quality of service for the business of telephone service consumers. WCSS, according to the testimony, has not had enforcement problems in other states nor has the Company been denied authority in another jurisdiction.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. WCSS is organized as a limited liability company under the laws of the State of Virginia and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. WCSS is a provider of long distance services and wishes to provide long distance services in South Carolina.
3. WCSS has the experience, capability, and financial resources to provide the services as described in its Application.

### **CONCLUSIONS OF LAW**

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to WCSS to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for the long distance services of WCSS which are consistent with the principles and procedures established for alternative regulation for business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. Under the Commission approved alternative regulation, the business service offerings of WCSS including consumer card services, and operator services, are subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 96-661-C. However, pursuant to Order No. 2001-997 (Docket No. 2000-407-C), this Commission modified alternative regulation by the re-imposition of rate caps with regard to certain “operator-assisted calls” where a customer uses a local exchange carrier’s calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under this relaxed regulatory scheme,

tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to WCSS also.

3. The Commission adopts a rate design for WCSS for its provision of residential interexchange services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

4. WCSS shall not adjust its residential interexchange rates below the approved maximum level without notice to the Commission and to the public. WCSS shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff, which would be applicable to the general body of the Company's

subscribers, shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provision of S.C. Code Ann. §58-9-540 (Supp. 1999).

5. If it has not already done so by the date of issuance of this Order, WCSS shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations. Further, WCSS shall file a copy of its Bill Form as required by 26 S.C. Code Ann. Regs. 103-612.2.2 and 103-622.1 (1976) with its final Tariff.

6. WCSS is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

7. An end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

8. WCSS shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, WCSS shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the Commission's website at [www.psc.state.sc.us/forms](http://www.psc.state.sc.us/forms). The title of this form is "Annual Information on South Carolina Operations for Interexchange Companies and AOS." This form shall be utilized by the Company to file



annual financial information with the Commission. Commission gross receipts forms are due to be filed with the Commission no later than October first of each year.

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. WCSS shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The “Authorized Utility Representative Information” form can be found at the Commission’s website at [www.psc.state.sc.us/forms](http://www.psc.state.sc.us/forms); this form shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

10. With regard to the origination and termination of toll calls within the same LATA, WCSS shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the Federal Communications Commission pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

11. By its Application and testimony at the hearing, WCSS requested a waiver from the Commission's requirement to maintain its books within the State of South Carolina according to 26 S.C. Code Ann. Regs. 103-610 (1976). The Commission grants the Company's request to waive the record keeping regulation so that its books and records may be kept at its principal office and headquarters. We also grant the Company's request for a waiver of Regulations 103-631 and 103-612.2.3. WCSS' customers' names, telephone numbers, and addresses will appear in the directories of the local exchange carriers and the Company intends to offer it long distance services throughout the State of South Carolina.

12. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

13. As a condition of offering debit card services, the Commission requires the Company to post with the Commission a bond in the form of a Certificate of Deposit worth \$5,000 drawn in the name of the Public Service Commission of South Carolina or a surety bond in the amount of \$5,000 which is payable to the Commission. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed in one year.

14. If the Company sells its debit cards to retail establishments for resale of the debit cards, and the retailer of the debit cards deviates from the suggested retail price

as filed in the tariff, or as approved by the Commission in a special promotion, then the Company will withdraw its cards from that retail outlet. This Commission strongly suggests that the Company enter into written agreements with its South Carolina retail outlets regarding this policy of abiding by suggested retail pricing prior to the outlet marketing the card.

15. Each telecommunications company certified in South Carolina is required to file annually the Intrastate State Universal Service Fund (USF) worksheet. This worksheet provides the Commission Staff information required to determine each telecommunications company's liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than August 15<sup>th</sup>.

16. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Chairman

ATTEST:

Executive Director

(SEAL)